

SINOPIPE HOLDINGS LIMITED
(Company Registration Number: 200411382N)
Incorporated in the Republic of Singapore

PROPOSED ACQUISITION OF SHANXI BIBENET INFORMATION TECHNOLOGY CO., LTD.

1. INTRODUCTION

The Board of Directors (the "**Board**") of Sinopipe Holdings Limited (the "**Company**") refers to the announcement made by the Company on 20 February 2019 in respect of the memorandum of understanding ("**MOU**") entered into with Mr. Song Jianjun for the proposed acquisition of 100% of the registered capital of Shanxi Bibenet Information Technology Co., Ltd. (山西比比网络信息技术股份有限公司) ("**Shanxi Bibenet**").

In furtherance of the MOU, the Board wishes to announce that the Company has entered into an acquisition agreement with Shanxi Bibenet on 17 April 2019 (the "**Acquisition Agreement**"). Pursuant to the terms of the Acquisition Agreement, the Company will, upon completion of the Restructuring (as defined below), acquire from the shareholders of the New Holding Company (as defined below) (the "**Vendors**"), the entire issued and paid up share capital of the New Holding Company (the "**Sale Shares**"), which will hold directly or indirectly Shanxi Bibenet and such entities held by it (the "**Target Group**") (the "**Proposed Acquisition**").

Based on the Company's preliminary assessment of the estimated valuation of the Target Group, which is subject to review and finalisation by an independent valuer, the Board is of the view that the Proposed Acquisition is expected to result in a reverse takeover pursuant to Rule 1015 of the Listing Manual (the "**Listing Manual**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). Accordingly, where the Proposed Acquisition results in a reverse takeover of the Company, the Proposed Acquisition will be made conditional upon, *inter alia*, the approval of the SGX-ST and the shareholders of the Company (the "**Shareholders**") at an extraordinary general meeting (the "**EGM**") of the Company to be convened pursuant to Rule 1015 of the Listing Manual. In connection with the Proposed Acquisition, the Company will transfer its listing status from the Main Board of the Official List of the SGX-ST to the Catalist (the "**Proposed Listing**"). The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and the Proposed Listing.

2. INFORMATION ON THE TARGET GROUP

Shanxi Bibenet is an investment holding company incorporated in the People's Republic of China ("**PRC**") founded in 2012. The Target Group is principally engaged in the business of providing professional services in respect of internet bidding and procurement trading. It has set up tendering and bidding platforms in, among others, Shanxi, Inner Mongolia, Shaanxi, Henan, Hebei and Shandong in the PRC.

Shanxi Bibenet is the holding company of three wholly-owned subsidiaries, each incorporated in the PRC, namely:

- (a) Ping Shun Bibenet Internet of Things Technology Co., Ltd. (平顺比比物联网科技有限责任公司), which provides online and offline after-bidding services;

- (b) Bibenet Technology Co., Ltd. (比比网络科技有限责任公司), which focuses on procurement from enterprises, operates a financial service platform and conducts research and development for the Target Group; and
- (c) Zhu Hai Yi Long Technology Co., Ltd. (珠海市宜龙科技有限公司), which provides professional software development, network engineering, design, and other related technical services. It also provides publicity and promotion services.

Shanxi Bibenet also holds two investment companies, each incorporated in the PRC, namely:

- (i) Inner Mongolia Wang Jia Tendering Public Service Platform Operation Co., Ltd. (内蒙古网佳招标公共服务平台运营有限公司) which conducts bidding consultancy services and operates a bidding platform; and
- (ii) Shanxi Tong Da Electronic Tender Services Co., Ltd. (陕西通达电子招股标服务有限公司), which focuses on the construction of electronic bidding trading platform systems.

The Company will announce the value of the Target Group, the details of the independent valuer, and the basis and date of such valuation upon the completion of the valuation.

3. INFORMATION ON THE VENDORS

As a condition to the Proposed Acquisition, the Shanxi Bibenet Shareholders (as defined below) shall effect a restructuring exercise (the "**Restructuring**") such that, subject to finalisation of the terms of the Restructuring, (a) they shall be the shareholders, directly or indirectly, of a new holding company which will be incorporated (the "**New Holding Company**"), and (b) the New Holding Company shall hold, directly or indirectly, the Target Group. Following the Restructuring, the rights and obligations of Shanxi Bibenet under the Acquisition Agreement shall be assigned to the Vendors.

As at the date of this announcement, the registered capital of Shanxi Bibenet is held as follows:

- (a) 75.5% by Mr. Song Jianjun;
 - (b) 12.3% by Zhu Hai Shun Fan Technology Co., Ltd.(珠海市顺帆科技有限公司, an entity held 90.0% by Mr. Song Jianjun and the remainder 10.0% held by his son; and
 - (c) 12.2% held by 23 individuals who are the employees of Shanxi Bibenet,
- (collectively, the "**Shanxi Bibenet Shareholders**").

Mr. Song Jianjun is the Chairman and General Manager of the Target Group. He holds a master's degree in engineering, and he is also a senior engineer, registered project manager and registered tenderer.

None of the Shanxi Bibenet Shareholders is related to any of the Directors, or the controlling Shareholders of the Company. None of the Shanxi Bibenet Shareholders is holding shares in Shanxi Bibenet on trust or as nominees for other persons. As at the date of this announcement, to the best of the knowledge of the Company, none of the Shanxi Bibenet Shareholders holds shares in the Company.

4. CONSIDERATION AND PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

The Vendors shall sell the Sale Shares and the Company (relying on the representations and warranties given under the Acquisition Agreement and the other obligations of the Vendors under the Acquisition Agreement) shall purchase the Sale Shares free from all encumbrances.

The consideration for the Sale Shares ("**Consideration**") means such aggregate sum which shall be determined by the parties to the Acquisition Agreement based on the value as set out in the business valuation report to be produced in connection with the Proposed Acquisition valuing the business of the Target Group by an independent valuer. The Consideration shall be satisfied by the allotment and issue of the shares by the Company to the Vendors (the "**Consideration Shares**"). The Consideration Shares when issued will be duly authorised and will be issued fully paid up and free from any encumbrance whatsoever and shall rank in all respects *pari passu* with the then existing shares in the issued share capital of the Company ("**Shares**").

Completion is conditional on, among others:

- (i) the approval of the Shareholders at an EGM having been obtained for, among others:
 - (a) the Proposed Acquisition;
 - (b) the Proposed Listing;
 - (c) the allotment and issue of the Consideration Shares by the Company to the Vendors, and such other Shares to be issued in connection with the Proposed Acquisition and the Proposed Listing;
 - (d) the proposed compliance placement in connection with the Proposed Listing;
 - (e) the change of name of the Company;
 - (f) the appointment of new directors of the Company;
 - (g) the proposed resolution by the Shareholders to waive their rights to receive a general offer from the Vendors and the parties acting in concert with the Vendors;
 - (h) the proposed adoption of the new constitution of the Company, in compliance with the Section B: Rules of Catalist of the Listing Manual;
 - (i) the proposed Share consolidation;
 - (j) the proposed new share issue mandate; and
 - (k) such other corporate action(s) in connection with the Proposed Acquisition and the Proposed Listing, as may be necessary;
- (ii) (a) approval-in-principle being received from the SGX-ST for the Proposed Acquisition, the Proposed Listing, and such other corporate actions, and if such approval is subject to any condition or restriction imposed by the SGX-ST, such condition and/or restriction being reasonably acceptable to the Vendors and the Company, and (b) the receipt of such notification from the SGX-ST confirming that it

has no further comments on the draft circular to be issued by the Company in connection with the Proposed Acquisition and Proposed Listing ("**Circular**");

- (iii) approval in-principle being received from the SGX-ST for the dealing in and quotation for the Consideration Shares and/or such other Shares to be issued in connection with the Proposed Acquisition and the Proposed Listing, such approval not being revoked, rescinded or cancelled prior to completion of the Acquisition Agreement ("**Completion**") and, where such approval-in-principle is obtained subject to any conditions, such conditions being reasonably acceptable to the parties;
- (iv) the completion of the Restructuring;
- (v) upon completion of the Restructuring, the assignment of the rights and obligations of Shanxi Bibenet under the Acquisition Agreement to the Vendors;
- (vi) the completion of the legal, financial and commercial due diligence to be carried out by the Vendors and/or their appointed advisers in respect of the accounts, assets, liabilities and business of the Company (if any) and the results of such due diligence investigations being satisfactory in the reasonable opinion of the Vendors, including that the Company has disposed of all its existing businesses and shall not have any undisclosed actual or contingent liabilities, costs, expenses or other obligations of any kind, which may not be settled prior to the Completion (other than in relation to the costs incurred with reference to the Proposed Acquisition and such other transactions in connection therewith and incidental thereto or as agreed with the Vendors in writing);
- (vii) the grant by the Securities Industry Council ("**SIC**") of a waiver to the Vendors (and the concert parties) of their obligation to make a mandatory offer under Rule 14 of the Singapore Code on Take-overs and Mergers (the "**Code**") for the Shares not held by the Vendors and their concert parties, and from having to comply with the requirements of Rule 14 of the Code upon Completion and the allotment and issue of the Consideration Shares to the Vendors and if such waiver is subject to any condition or restriction imposed by the SIC, such condition and/or restriction being reasonably acceptable to the Vendors and the Company; and
- (viii) the receipt of all necessary consents, approvals, waivers, exemptions or other acts from all relevant third parties as reasonably required by the parties to the Acquisition Agreement, such consents and approvals having been duly authorised or obtained or otherwise completed and being in full force and effect of Completion,

(collectively, the "**Conditions**").

The parties to the Acquisition Agreement undertake to use all reasonable endeavours to ensure that the Conditions are fulfilled (or waived in whole or in part by any non-defaulting party) as soon as reasonably practicable and in any event by 31 December 2019 (or such later date as may be agreed by the parties).

5. RATIONALE FOR THE PROPOSED ACQUISITION

The Company has been deemed to be a cash company under Rule 1018 of the Listing Manual. The Company's shares have been suspended from trading since 2 April 2012. As previously announced, the Company had been sourcing for potential investors in respect of any proposed injection of new business(es).

The Proposed Acquisition, if undertaken and completed, would enable the Company to recommence operations. The Board is of the view that the financial performance and position of the Company will be strengthened by the Proposed Acquisition and thus creating value for Shareholders.

6. FINANCIAL EFFECTS

The Company is in the process of finalising the financial effects of the Proposed Acquisition and the Proposed Listing on the net profits attributable to the Target Group, net tangible assets per share, and earnings per share of the Company, and will disclose the relevant information in due course.

The Proposed Acquisition shall be funded through the issuance of Consideration Shares, and the remainder in cash.

7. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or substantial Shareholders of the Company or their respective associates has any interest, direct or indirect, in the Proposed Acquisition and the Proposed Listing, save through their respective shareholdings in the Company (if any).

8. FURTHER INFORMATION

The Company will make the necessary follow-up announcements as and when required and/or as and when material developments arise in respect of the Proposed Acquisition. In particular, financial information relating to the Target Group (including the relevant proforma financial information of the Target Group) are being reviewed and finalised by the Target Group, and the Company will make further announcements in due course.

A Circular together with a notice of the EGM will be despatched to the Shareholders in due course to seek Shareholders' approval for the Proposed Acquisition and the Proposed Listing.

9. OTHER INFORMATION

9.1. Director's Service Contracts

Subject to finalisation in the Circular, the Vendors may nominate certain individuals to be appointed as directors of the Company, and may enter into service contracts with the Company, in connection with the Proposed Acquisition and the Proposed Listing.

9.2. Disclosure under Rule 1006 of the Listing Manual

The Proposed Acquisition is governed by the rules in Chapter 10 of the Listing Manual. As the Company is in the process of reviewing the financial statements of the Target Group and parties are currently in the midst of determining the Consideration, the Company will disclose the relative figures of the Proposed Acquisition in due course.

The Proposed Acquisition, if undertaken and completed, is expected to result in a reverse takeover of the Company pursuant to Rule 1015 of the Listing Manual.

9.3. Documents Available For Inspection

Copies of the Acquisition Agreement will be made available for inspection during normal business hours at the Company's registered office at 80 Raffles Place, #32-01, UOB Plaza, Singapore 048624, for a period of three (3) months from the date of this announcement.

10. CAUTIONARY STATEMENT

The Company's shares have been suspended from trading since 2 April 2012. In connection with the Proposed Acquisition and the Proposed Listing, the Board intends to apply to SGX-ST for an extension of time to be granted to the Company to comply with Rule 1018(1) of the Listing Manual.

In the event that the Proposed Acquisition and/or the Proposed Listing is not approved by the SGX-ST, or not completed, and no further extension is granted pursuant to Rule 1018(2) of the Listing Manual, the Company will be required to delist and make a cash exit offer in accordance with Rule 1309 of the Listing Manual.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company as the Proposed Acquisition and Proposed Listing are subject to certain conditions and there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition and Proposed Listing will be completed.

The Company will make the necessary announcements when there are further developments on the Proposed Acquisition and Proposed Listing. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. In the event of any doubt, Shareholders and potential investors should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

By Order of the Board

Mr Wang Sen
Non-Executive Chairman

17 April 2019